



ADVANTEX

Advantex Announces Fiscal 2016 Results

Toronto, October 26, 2016 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the Fiscal year ended June 30, 2016.

The financial performance reflects a gradual recovery post the structural and competitive challenges of the previous Fiscal year.

Highlights of Fiscal 2016 results are tabulated ⁽¹⁾ below. Additional details are available in the Fiscal 2016 Consolidated Financial Statements and the Management Discussion and Analysis available under the Company's profile on www.sedar.com.

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>	<u>Change</u>
	\$	\$	\$
Revenues	\$ 11,273,680	\$ 13,297,892	\$ (2,024,212)
Direct expenses			
Cost of cardholder rewards and marketing in connection with Company's merchant based loyalty programs	\$ 3,114,217	\$ 3,712,992	\$ (598,775)
Expense for provision against delinquent accounts	\$ 579,728	\$ 1,453,335	\$ (873,607)
Gross profit	\$ 7,579,735	\$ 8,131,565	\$ (551,830)
Selling and General & Administrative expenses	\$ 6,169,953	\$ 7,922,906	\$ (1,752,953)
Restructuring cost	\$ -	\$ 1,001,321	\$ (1,001,321)
Earnings (loss) from operations before depreciation, amortization and interest	\$ 1,409,782	\$ (792,662)	\$ 2,202,444
Stated interest expense - loan payable, and debentures	\$ 1,619,782	\$ 1,605,981	\$ 13,801
Loss from operations before depreciation, amortization and interest	\$ (210,000)	\$ (2,398,643)	\$ 2,188,643
Depreciation, amortization and non-cash interest expense	\$ 697,443	\$ 671,960	\$ 25,483
Net loss and Comprehensive loss	\$ (907,443)	\$ (3,070,603)	\$ 2,163,160

⁽¹⁾ The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The information is extracted from consolidated financial statements for the Fiscal year ended June 30, 2016.

About Advantex:

Advantex provides specialized marketing programs that enable members of affinity groups to earn frequent-flyer miles and other loyalty rewards through purchases at participating merchants.

Through our partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, we have contractual access to millions of consumers with above-average

personal and household income. We also have partnerships with about 1,300 merchants in Canada and the US.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to www.advantex.com.

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Advantex Marketing International Inc.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Note	June 30, 2016	June 30, 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 658,678	\$ 1,162,609
Accounts receivable	12 a	425,402	460,446
Transaction credits	12 a	7,352,262	7,819,647
Inventory	5	39,914	144,874
Prepaid expenses and sundry assets		103,684	173,777
		<u>\$ 8,579,940</u>	<u>\$ 9,761,353</u>
Non-current assets			
Property, plant and equipment	6 a	\$ 116,049	\$ 165,735
Intangible assets	6 b	119,921	477,992
		<u>\$ 235,970</u>	<u>\$ 643,727</u>
Total assets		\$ 8,815,910	\$ 10,405,080
Liabilities			
Current liabilities			
Loan payable	7	\$ 5,533,267	\$ 5,711,525
Accounts payable and accrued liabilities		3,556,978	4,294,418
12% Non-convertible debentures payable	8	5,098,773	-
		<u>\$ 14,189,018</u>	<u>\$ 10,005,943</u>
Non-current liabilities			
12% Non-convertible debentures payable	8	\$ -	\$ 4,864,802
Total liabilities		\$ 14,189,018	\$ 14,870,745
Shareholders' deficiency			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus	10 b	4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(33,946,662)	(33,039,219)
Total deficiency		\$ (5,373,108)	\$ (4,465,665)
Total liabilities and deficiency		\$ 8,815,910	\$ 10,405,080

Economic and Financial dependence (note 2 a), Going concern (note 2 b), Commitments and contingencies (note 14)

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board

Director: Signed "William Polley"
William Polley

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2016 and 2015
(expressed in Canadian dollars)

	Note	2016	2015
		\$	\$
Revenues	18	\$ 11,273,680	\$ 13,297,892
Direct expenses	17/18	<u>3,693,945</u>	<u>5,166,327</u>
		7,579,735	8,131,565
Operating expenses			
Selling and marketing	17/18	2,536,274	3,430,430
General and administrative	17/18	3,633,679	4,492,476
Restructuring cost	19	<u>-</u>	<u>1,001,321</u>
Earnings (loss) from operations before depreciation, amortization and interest		1,409,782	(792,662)
Interest expense:			
Stated interest expense - loan payable, and debentures	7/8	1,619,782	1,605,981
Non-cash interest expense on debentures	8	<u>233,971</u>	<u>227,175</u>
		(443,971)	(2,625,818)
Depreciation of property, plant and equipment, and amortization of intangible assets	6 a/b	<u>463,472</u>	<u>444,785</u>
Net loss and comprehensive loss		\$ (907,443)	\$ (3,070,603)
Loss per share			
Basic and Diluted	16	\$ (0.01)	\$ (0.02)

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Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended June 30, 2016 and June 30, 2015
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₹	₹	₹	₹	₹	₹
Balance - July 1, 2014	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (29,968,616)	\$ (1,395,062)
Net loss and comprehensive loss	-	-	-	-	(3,070,603)	(3,070,603)
Balance - June 30, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Balance - July 1, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Net loss and comprehensive loss	-	-	-	-	(907,443)	(907,443)
Balance - June 30, 2016	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,946,662)	\$ (5,373,108)

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the years ended June 30, 2016 and 2015
(expressed in Canadian dollars)

	Note	June 30, 2016	June 30, 2015
		\$	\$
Operational activities			
Net loss for the year		\$ (907,443)	\$ (3,070,603)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets	6 a/b	463,472	444,785
Accretion charge for debentures	8	<u>233,971</u>	<u>227,175</u>
		(210,000)	(2,398,643)
Changes in items of working capital			
Accounts receivable		35,044	348,743
Transaction credits		467,385	2,459,059
Inventory		104,960	(54,449)
Prepaid expenses and sundry assets		70,093	5,635
Accounts payable and accrued liabilities		<u>(737,440)</u>	<u>74,514</u>
		(59,958)	2,833,502
Net cash (used in) provided by operating activities		\$ (269,958)	\$ 434,859
Investing activities			
Purchase of property, plant and equipment, and intangible assets		\$ <u>(55,715)</u>	\$ <u>(321,200)</u>
Net cash (used in) investing activities		\$ (55,715)	\$ (321,200)
Financing activities			
Repayment of loan payable	7	\$ (178,258)	\$ (742,649)
Transaction costs respecting debentures financing	8	<u>-</u>	<u>(24,206)</u>
Net cash generated (used in) financing activities		\$ (178,258)	\$ (766,855)
Decrease in cash and cash equivalents during the year		\$ (503,931)	\$ (653,196)
Cash and cash equivalents at beginning of the year		<u>1,162,609</u>	<u>1,815,805</u>
Cash and cash equivalents at end of the year		\$ 658,678	\$ 1,162,609
Additional information			
Interest paid		\$ 1,516,671	\$ 1,897,427
For purposes of the cash flow statement, cash comprises			
Cash		\$ 653,678	\$ 1,157,609
Term deposits		<u>5,000</u>	<u>5,000</u>
		<u>\$ 658,678</u>	<u>\$ 1,162,609</u>

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